

Mr. Rivers' Statement on H.R. 8427

The purpose of this Bill is to provide an improved retirement system for a limited number of employees of the Central Intelligence Agency.

At the present time all employees of CIA are limited to the normal Civil Service Retirement benefits. On the other hand improved retirement benefits have been authorized for the Foreign Service and for certain personnel engaged in investigation and detection of crime and apprehension of criminals. However, many CIA employees serve under conditions which are at least as difficult and onerous as the conditions which led to improved retirement benefits for the Foreign Service and certain personnel of the FBI and other agencies. CIA employees who will come under this proposed system are obligated to serve anywhere in the world according to the needs of the Agency as is the case in the Foreign Service and the military and unlike the normal Civil Service employee. The need was stressed for the Agency to maintain a young service by encouraging earlier retirement and in some cases directing earlier retirement. The voluntary early retirement features of this bill will serve this end.

Since the Agency is unable in fact to provide full-term careers for individual officers, it is necessary to minimize the adverse effects of the required programs of managed attrition and to preserve its ability to recruit and retain the high-caliber personnel it needs. Therefore, the Agency must make reasonable provision for the futures of those individuals who must be separated before completing a full-term career of thirty or so years.

H. R. 8427 is a clean bill introduced after careful consideration by the Subcommittee following four days of extensive hearings on H. R. 7216 which was the original bill. While the primary purpose of H. R. 7216 was an improved retirement system, it did include numerous amendments of a technical nature designed to update certain sections of the Central Intelligence Agency Act of 1949, and it contained other provisions which would grant certain new authorities to the Agency. Early in its course, the Subcommittee determined that H. R. 7216 in its entirety was of such wide scope that it should be revised so as to limit it solely to the establishment of an improved retirement system. Accordingly, H. R. 8427 has only those provisions which relate to the establishment of an integrated and self-contained retirement system for certain employees of the Agency. It is estimated that a maximum of only about 30 per cent of the total employee strength will become eligible for coverage under this system.

It was determined that rather than devise an entirely new retirement system, with the attendant difficulties, the CIA retirement system should be patterned after the Foreign Service system since it was felt that such system was sufficiently flexible to meet Agency requirements.

The primary features of this bill provide for voluntary retirement, with the consent of the Director, by an employee at age 50 if he has 20 years of service. The Subcommittee added an amendment to this section to require that such an employee would have at least five years of service with the Agency in order to be eligible. Another new feature of the bill will permit the Director to retire individuals involuntarily where such retiree is in the grade of

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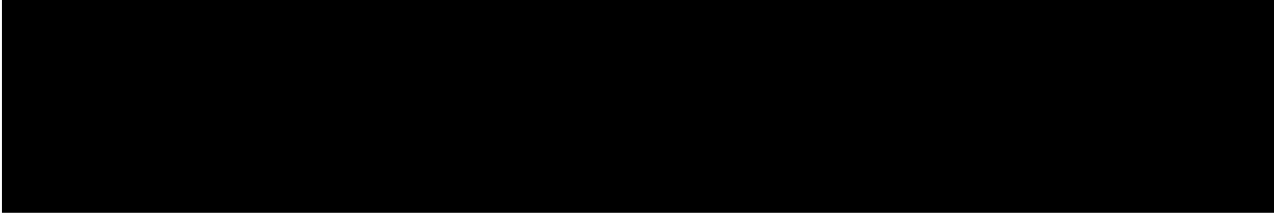
GS-14 or above. He will be entitled to draw an immediate earned annuity regardless of age at time of retirement. In our legislation we added a requirement, however, that in order to be eligible for such an annuity, the individual must have had at least five years of qualifying service with the Agency and a total of 10 years' service with the Agency. The term "qualifying service" is used to refer to that type of service which the Director determines would be of the nature which would qualify an individual to be a participant in this system. Generally, only those career employees will be covered whose careers are primarily oriented toward the conduct and support of intelligence activities abroad.

For those employees in grade GS-13 and below, the Director may also retire them involuntarily. In such case, they will be entitled to deferred annuities payable at age 60 if otherwise eligible and, in addition, will receive separation compensation at the rate of one month's pay for each year of service with a maximum of one year's salary. The other provisions of the bill are comparable to Foreign Service.

In the interest of security, it is believed that this system must be administered within the Agency separate from existing retirement funds. In furtherance of maintaining proper security, the Subcommittee approved an amendment which provides that determinations authorized by the Director under the act would not be subject to judicial review. Otherwise, sensitive information relating to the assignments of these individuals possibly would be brought into court in the event of a dispute.

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In introducing the clean bill, H. R. 8427, we have deleted a provision in the original bill which would have excluded from gross income for Federal income tax purposes disability annuities payable under this bill. Similar provisions exist in law with respect to disability annuities for the military and the Foreign Service. However, the Ways and Means Committee was unable to complete action on this item, which is an amendment to the Internal Revenue Code. Consequently, this provision was deleted pending their final action.

As indicated above, the Subcommittee examined this proposal intensively and made a number of amendments which we feel result in an improved bill. We found the Agency witnesses in the course of four days of hearings to have been fully cooperative and frank in discussing their needs in this area. The Subcommittee concluded that this legislation would materially assist the Agency in its programs and unanimously reported the bill from Subcommittee to the full Committee, urging favorable action by the full Committee.